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SCIENCE

FOREIGN AGRICULTURE

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World Supplies and Prices of Oilseeds, Oils, and Meals

West Germany Looks East

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Foreign Agricultural Service
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This week's cover:

U.S. soybeans are moved into corrugated bins for temporary storage. In the last decade, U.S. soybean and meal prices have fluctuated more widely than those in Europe while oil prices have remained more stable. See story beginning this page.

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Price Patterns for Oilseeds and Products

High-protein meal prices continue strong—but have world oil prices already peaked?

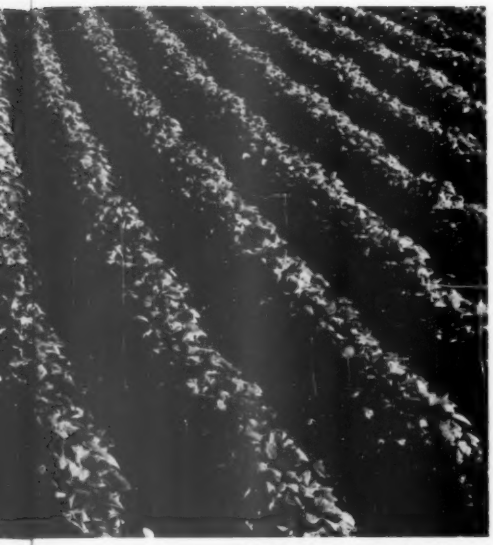
By
ALAN E. HOLZ

Fats and Oils Division
Foreign Agricultural Service

World prices for most major oilseeds, oils, and meals are up again this season for the third consecutive year. Through August, prices for U.S. soybeans were up 19 percent; soybean oil, 30 percent; and meal 12 percent over their average **annual** prices during the 1960's.

At the same time, European prices for peanuts and peanut oil skyrocketed by more than 40 percent. Linseed meal was the only single commodity to decline from its long-term average.

The supply and demand situation for a number of oilseeds and oils, mainly from crops harvested in 1970, is so unusually tight this year that average European prices have exceeded their annual highs since 1960. The new oilseed pace setters are peanuts, rapeseed, and



Field of soybeans in Illinois.

soybeans. Among the oils that have shown rises are peanut, sunflower, soybean, and palm, as well as tallow and fish oil.

Prospects for 1972 foreign oil production, largely from the 1971-72-crop seed, appears likely at this point to be substantially above the 1971 volume. This marked change could prove to be a key factor in determining world oil prices next year.

Although meal prices are above their 1960-69 annual averages, no new records are expected to be set this year, with the exception of sunflower meal. Soybean meal prices in the United States for the first 8 months of 1971 were 5 percent below their 1966 high; in Europe, soybean meal prices were 11 percent behind their high. Prices for most meals in the first 8 months of the year averaged below their 1970 levels, although sunflower and soybean meal remained nearly unchanged.

Oilseed prices, on the other hand, ran significantly ahead of last year—with the largest gain in peanuts and soybeans. The strong prices for oilseeds were generated by relatively tight supplies of oil. Because of these short supplies, prices for all vegetable oils except coconut increased by 3 to 16 percent above prices in 1970.

The largest gains were in peanut and sunflower oil, reflecting reduced 1970 crops in the chief producer-exporter countries. Rapeseed oil registered the smallest increase, no doubt because of the phenomenally large Canadian crop. Soybean oil prices gained substantially, but increases were greater in Europe than in the United States.

On the other hand, prices for soybeans and meal rose more in the United States. This is believed to be due partly to reduced European freight rates.

Prices of coconut oil, lard, and fish oil were down in 1971, reflecting increased supplies.

Over the last decade, prices of fish oil and meal have been the most volatile, while peanut oil and meal prices have shown the least fluctuations.

Soybean and meal prices have shown moderate fluctuations, with wider variations in the United States than in Europe. However, soybean oil prices in the United States have been more stable than those of Europe.

Prices for soybeans and their products in Europe have shifted considerably in relation to prices for major competing products. Copra, coconut oil, lard, rapeseed oil, palm oil, fish oil, tallow, and linseed meal all now are selling at considerably lower prices relative to soybeans and products in Europe than they were during the 1960's. However, peanuts and sunflowerseed and their products as well as rapeseed and fish meal are selling well above soybean and soybean product prices relative to the historical premiums and discounts that prevailed during the 1960's.

Despite a 7-percent increase in European soybean oil prices, gross crushing margins this year are sharply below the 1960-69 average and drastically less than the above-average margins of last year. This has happened mainly because prices of soybean meal in Europe have declined while prices of beans have matched the percentage increase in oil prices.

However, European crushing margins this year have benefited from reduced shipping rates and thus have exceeded U.S. crushing margins. This is consistent with the 1960-69 period when European margins exceeded those of the United States, but in sharp contrast with 1970. In 1970, margins in the United States were boosted sharply by strong meal prices—12 percent above the 1960-69 average—compared with weaker bean prices—only 7 percent above the 1960-69 average.

In comparison, European soybean meal prices in 1970 increased by only 6 percent while soybean prices increased by 10 percent from the 1960-69 average.

In the past, soybean prices have been highest in the same period that meal prices have been strongest, such as in 1966. Likewise, soybean prices have been lowest when meal prices were down, as in 1960. However, since prices for beans depend on oil and meal, developments for both commodities are important.

Oil. Although foreign demand in the past decade has been growing at a relatively steady pace of about 3 percent a year, annual changes in available supplies have fluctuated widely, causing sharp price changes from year to year. However, producer responses to such price changes have lagged somewhat.

For example, in the 1963-65 period, average annual oil prices increased substantially, stimulating production in the 1964-66 period and exports in 1965-67.

As foreign exports registered an unprecedented gain in 1966, world oil prices declined. Despite the price decline, production increased further in 1967, pushing exports even higher in 1968. This continued expansion touched off more substantial price declines in 1967 and 1968. These declines succeeded in stemming the tide of expanding production and reduced exports in 1969 and 1970.

However, as foreign exports dropped in 1969, the market price turned upward, signaling the need for increased supplies. This increase materialized in 1970 and is influencing foreign exports this year.

The percentage of the production increase was very small, however, compared with the size of the price gain. This small increase probably was caused by poor yields of sunflowerseed in Eastern Europe and Argentina and below-average peanut output in Africa.

Because oil availabilities this year have been less than expected, prices, so far, have risen further. However, since August, prices for a number of commodities have declined somewhat from their January-August averages.

If, as in the past, producers expand their output in line with price changes, foreign oil production can be expected to increase considerably in 1972. And this gain probably will show up in more foreign exports in 1973.

Of course, excessive rises in production and export availabilites could depress prices in 1972.

Meal. Foreign demand for meal has continued to grow in line with increased livestock and poultry numbers as well as higher feeding rates. Livestock and poultry numbers, however, vary with price changes just as oilseeds and oils do. These cyclical changes cause a marked impact on annual meal requirements, and are most pronounced for hogs.

On the other hand, improved feeding methods using larger proportions of protein in rations have caused the expansion in foreign consumption of meal to far exceed the growth in livestock and poultry numbers.

In 1971, meal requirements have continued to rise, although the rate of increase is somewhat less than in 1970. Next year, a further increase in demand seems likely, but at an even lower rate than that of earlier years.

How will this affect meal prices?

Although larger demand usually means higher prices, meal prices in 1972 may be affected more by changes in available supplies than by demand. Thus, even though the increase in foreign meal demand is expected to be below trend, it probably will be in close balance with availabilities of meal for consumption.

Prospects for expansion in foreign meal supplies in 1972 are less certain than for oil. About 40 percent of meal exports (soybean meal equivalent basis) are fishmeal—mainly from Peru. Attempts to forecast fishmeal exports can be hazardous; but some increase is expected. In addition, a substantial expansion is expected in exports of soybeans from Brazil, rapeseed from Canada, and sunflower meal from Argentina.

In conclusion, the tight supplies and their resultant relatively high prices which have prevailed since the fall of 1969, seem to have stimulated production of more high-oil-content oilseeds. Consequently, availabilities of oil in 1972 may increase at a much sharper rate than meal. Because prices respond inversely to changes in volume, larger exports of oil in 1972 could cause a reversal in oil prices from 1970 and 1971. Soybeans, containing a relatively low proportion of oil compared with meal, are not expected to be as strongly affected in this decline as other crops.

FATS AND OILS: LAGGED ANNUAL CHANGES IN FOREIGN PRODUCTION AND EXPORTS IN RESPONSE TO PRICE CHANGES

Year	Price [1] change from previous year	Year	Production [2] change from previous year	Year	Export change from previous year
	Percent		*Percent*		*Percent*
1961	+2	1962	+3	1963	+4
1962	−12	1963	−2	1964	−0
1963	+4	1964	+5	1965	+5
1964	+8	1965	+7	1966	+12
1965	+11	1966	+1	1967	+2
1966	−11	1967	+4	1968	+5
1967	−9	1968	+4	1969	−4
1968	−7	1969	−2	1970	−3
1969	+5	1970	+3	1971	+5
1970	+32	1971	+4	1972	+11
1971	+5	1972	+2	1973	([3])

[1] European prices for major edible vegetable oils weighted by the relative importance of each commodity in terms of the volume exported and calculated as an index. [2] Includes the oil equivalent of oilseeds. [3] Expected to increase.

PRICE COMPARISONS FOR SELECTED OIL-BEARING MATERIALS, OILS AND FATS, AND CAKES AND MEALS [1]

Commodity	1960-69 High	1960-69 Low	1960-69 10-year average	Average 1970	Average January-August 1971	Average September 1971	Average October 1971
	Dol. per metric ton	*Dol. per metric ton*	*Dol. per metric ton*	*Dol. per metric ton*	*Dol. per metric ton*	*Dol. per metric ton*	*Dol. per metric ton*
Oil-bearing materials:							
Soybeans:							
United States [2]	112	76	95	102	113	111	112
Europe [3]	126	92	110	121	129	128	128
Rapeseed [4]	135	104	120	137	147	124	129
Peanuts [5]	207	168	188	229	265	233	226
Copra [6]	232	164	196	204	204	175	172
Fats and oils:							
Soybean:							
United States [7]	258	181	214	263	278	282	291
Europe [8]	279	178	229	289	310	297	306
Palm [7]	256	172	223	256	267	265	245
Rapeseed [9]	279	161	226	262	269	277	285
Sunflower [8]	315	170	242	332	383	365	377
Peanut [10]	329	252	301	364	424	413	406
Coconut [11]	363	223	279	343	314	269	256
Lard [12]	292	169	235	275	267	259	253
Tallow [13]	203	128	158	202	204	194	189
Fish [14]	216	99	181	248	227	219	212
Meals:							
Soybean:							
United States [15]	92	59	78	87	87	81	82
Europe [16]	114	77	99	105	102	99	101
Fish:							
United States [17]	185	105	147	215	187	176	174
Europe [18]	182	103	147	197	178	173	166
Peanut [19]	105	93	99	112	103	91	92
Sunflower [20]	89	67	80	87	88	93	94
Linseed [21]	108	85	102	103	100	99	98

[1] C.i.f. European ports unless otherwise specified. [2] U.S. No. 1 yellow, Illinois country shipping points. [3] American No. 2 yellow, 2 percent bulk. [4] Canadian. [5] Nigerian, shelled. [6] Philippine, bulk. [7] Crude, tank cars, f.o.b. Decatur. [8] Any origin, ex-tank, Rotterdam. [9] 1960-64 5 percent bulk, 1965 and subsequent Malayan 5 percent bulk. [10] 1960-64 Nigerian bulk 3 to 6 percent, 1965 and subsequent any origin 2 to 3 percent. [11] Dutch, 5 percent bulk, f.o.b. ex-mill. [12] North American bulk, U.K. ports. [13] North American bleachable. [14] Peruvian semirefined. [15] U.S. bulk, 44 percent, f.o.b. Decatur. [16] Wholesale, Hamburg. [17] Peruvian 65 percent, f.o.b. U.S. East Coast ports. [18] Peruvian 65 percent. [19] Indian: 1960-61, 54 percent expellers; 1962 and subsequent 50 percent. [20] Argentine 37/38 percent. [21] Argentine 39 percent.

West German Agriculture Looks East

Summer in northern Germany brings the milking machine to the cow. The cows' butterfat production will not normally be exported but may be sent to Eastern Europe if there is a domestic surplus.

By ROGER E. NEETZ
Assistant Agricultural Attaché
Bonn

Ostpolitik (West Germany's policy of establishing and maintaining friendly relations with Eastern Europe and the USSR) is a major policy objective of the present coalition government in the Federal Republic of Germany. Perhaps too often misread only as a political goal, Ostpolitik also means increasing trade with Eastern Europe, and this includes a growing share of agricultural commodities.

West German exports of farm products have been stimulated by the European Community's (EC) protective price policy that has fostered production of competitive agricultural commodities while EC demand has been stabilizing.

West Germany is the largest importer of agricultural commodities in the EC. Valued at $5.7 billion in 1970, these imports were about 40 percent of total Community agricultural imports. Also significant is the $1.2 billion worth of agricultural products that West Germany exported in the same year. This represented 3.5 percent of the total exports of the Federal Republic. Agricultural exports have increased a surprising 91 percent since 1967—surprising when related to agriculture's declining share of the GNP.

Agricultural exports to Eastern Europe and the USSR increased from $15 million in 1967 to approximately $110 million in 1970. However, German imports from the East have been significantly greater—amounting to an estimated $250 million in 1967, climbing to $272 million in 1969, and leveling off at $272 million in 1970. Trade data for each of the countries of Eastern Europe have shown year-to-year variability. It is difficult to predict the future of this trade since it will respond not only to real import needs but to political-economic objectives as well.

It is significant that nearly all of the trade between West Germany and the East is still conducted on a bilateral basis. This means negotiating over quantities, since there are import restrictions to consider, and over payment periods, since there is still no major freely convertible currency in the Eastern areas.

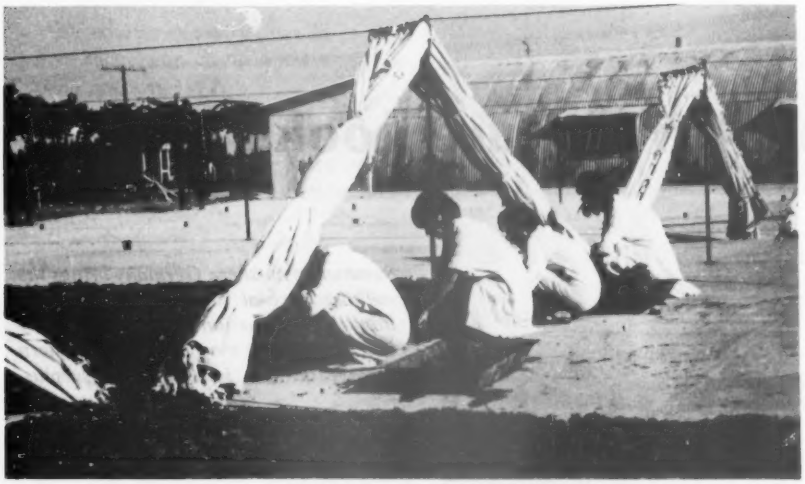
Basic commodities imported regularly by the Federal Republic are wheat, cotton, and oilseeds from the Soviet Union and live hogs, meat, fruits and vegetables, and tobacco from Eastern Europe.

West Germany's most important trading partners in the East are Czechoslovakia and Poland. In 1970 Poland purchased $28 million worth of agricultural commodities and exported $62 million. Czechoslovakia purchased $53 million and exported $30 million. Hungary and Yugoslavia are next in importance. Bulgaria, Rumania, and the Soviet Union are primarily exporters to the West German market.

Exports from the Federal Republic have been irregular and in varous years have included wheat, rye, barley, butter, and oilcake. It is the surplus availability of a commodity that has set the pattern of the Federal Republic's agricultural exports, rather than the normal commercial trade position.

East Germany is not included in this trade data since trade between the two Germanys is considered as internal rather than foreign trade. Intra-German trade has been hampered by currency problems and the lack of readily ex-

(Continued on page 12)



Turkish workers spreading grapes on modern drying floor.

Turkey's Raisin Exports Up But Lag Behind Production

By MUSTAFA BASER
Office of the U.S. Agricultural Attaché
Ankara

Turkey is one of the world's leading producers and exporters of raisins, but it is troubled by problems of overproduction and underconsumption.

Output and exports of Turkish raisins have trended generally upward in recent years, but production has outpaced foreign and domestic sales so that Turkey now has an onhand surplus nearly equal to one-half of the 1965-69 average crop.

Turkey's raisin output reached a record level of 132,000 metric tons in 1970-71, then sagged to 115,300 tons during the current year.

Exports in 1970-71 also increased. In February 1971, Turkey had dropped its f.o.b. prices for two raisin categories, placing them—at least temporarily—in a more competitive position.

As a result, Turkey's exports recovered from the relatively low level of the year before and in the 1970-71 marketing year, between September 1, 1970, and August 15, 1971, exceeded 88,000 tons against 65,000 tons for the same period of the previous year.

Turkey's share of the world's raisin market also improved in 1970-71. In 1967-68 Turkey had just 27 percent of world raisin sales, dropping to 23 percent in 1969-70. In 1970-71, under the stimulus of lower prices, exports rose to 28 percent of world sales.

A preliminary estimate indicates that in 1971-72 Turkish raisin exports may climb to some 95,000 tons. This could mean that Turkey had again enlarged its share of the world market.

Last season, Turkey was the world's second largest raisin producer and the largest exporter. The United States was top producer (175,500 metric tons) and fourth as an exporter (56,656 tons). Other major world producers and exporters were Australia, Greece, South Africa, Spain, and Iran.

Turkey had been a party to the International Raisin Agreement, along with Greece and Australia. However, some Turkish raisin producers believed that the agreement benefited Turkey less than it did the other two signatories and so it was ended in June 1971.

These producers now point to the current increase in exports to support their position. They further expect that the new export price will enable Turkey to compete more strongly with other raisin producers.

However, Turkey's advantage may be short-lived. In July 1971, the lira-dollar ratio for exports was changed from TL12 to TL13 to US$1 thus raising the local selling price again.

Major importers of Turkish raisins are the United Kingdom; the European Community nations, expecially the Netherlands, Italy, and West Germany; and the Soviet Union. The EC absorbs 40–50 percent of Turkey's total exports, while the United Kingdom, which used to take over 30 percent, now imports only about half that amount. The Soviet Union buys 10,000 to 20,000 tons of raisins from Turkey annually.

Even in the absence of reliable statistics on Turkish raisin consumption, it is apparent that the domestic market is not a major user of raisins. Only about 10,000 to 15,000 tons of seedless raisins are assumed to be consumed in the country annually.

For a country with a population of some 35 million, this tonnage represents a per capita rate of consumption of less than 1 pound per person per year. Practically all of the raisins sold are consumed as cooked food.

Several attempts have been made to introduce raisin bread but these have not been successful. However, grapes as fresh fruit as well as bread are an important element in the Turkish diet. In fact, grapes, bread, and cheese are often the main courses of a summer meal for lower income Turks, so it may be possible in the future to wed raisins and bread in some way acceptable to Turkish consumers. Raisins might also be promoted for use in salads, pies and tarts, or as snacks.

However, because of the country's low per capita income and the abundance of fresh fruit, increasing consumption by any large amount may be difficult.

TARIS, a large farm-sales cooperative that acts as the Government raisin purchasing agency, is attempting to market raisin vinegar ("pekmez") and raisin honey (a condensed raisin syrup). These products, especially the vinegar, are selling well even though there is little effort to advertise them. At the present time, TARIS is studying the possibility of exporting these raisin products.

Although Turkey grows many varieties of grapes, the sultana, a seedless variety closely related to the Thompson Seedless of California, is dominant in Turkey's raisin industry with vineyard

area covering about 160,000 acres. Seedless raisin production in Turkey has increased over 20 percent during the past several years.

Production of sultanas is centered in two western Provinces: Manisa and Izmir. Most Turkish raisins are sun-dried in the open on paper or on concrete surfaces. The harvest begins in August and continues until early October. Quality depends to a large degree on the weather during this period.

New grape vines have been planted in some areas, and agriculturalists have encouraged trellising to increase yields and protect the vines from frosts.

Weed control, pruning, some irrigation, and spraying against insects and disease are the major horticultural practices carried out by Turkey's raisin producers. At present the average raisin yield is less than 1 metric ton per acre. With the application of small amounts of fertilizer, however, output can easily be raised. Some producers get double the average yield by using better management practices.

TARIS, in addition to its other functions, serves as the Government's price-support agent. It buys raisins from producers selling on the Izmir bourse. It also makes direct purchases from other producers.

Depending on the level of production and the tendency of free market prices, TARIS buys 25 to 70 percent of total raisin output. As of September 1971, TARIS held stocks of uncommitted raisins from 1970 and older crops amounting to over 59,000 tons.

Including TARIS, there are more than 70 firms registered as raisin exporters, all located in Izmir. However, only 30 of these are actually trading at the present time, while only about 22 have processing and packing plants. Exporters lacking processing facilities pay a service charge to area plants to have raisins processed and packed.

Turkey's total raisin processing and packing capacity is about 1,000 metric tons per 8-hour day. About 24 man-hours are required to pack a ton of raisins for export. Labor costs are about $6 per ton.

Some solutions to Turkey's problems of overproduction and underconsumption are obvious, but they are not easy to achieve. There is little likelihood that Turkish sultana area will be reduced, because of a number of social and political problems.

Three U.S. Processed Food Exhibits Held in Caribbean To Boost Sales

Three short U.S. food shows were held last month on separate Caribbean islands to promote long-term gains in U.S. food exports to the area. The trade-only shows, sponsored by the Foreign Agricultural Service, featured processed foods of all types with special emphasis on poultry and meats. The promotion was aimed particularly at attracting food buyers and caterers from hotels and restaurants serving the annual swell of tourists.

At each show—one in Kingston, Jamaica, November 2-4; a second in Curacao, the Netherlands Antilles, November 8-9; and the third in Bridgetown, Barbados, November 12-13—the 50 U.S. food exhibitors found somewhat different import situations and opportunities. Poultry and meat sales possibilities on different islands are examples.

In Jamaica the poultry sales trend is definitely toward turkey—especially frozen rolls, salami and pastrami, boneless roasts, and smoked meat. These items and portion-control packages interested hotel and restaurant buyers.

In Curacao importers were interested not only in turkey but also in further-processed chicken and chicken parts. Local housewives are interested in convenience chicken products, and hotels and restaurants like institutional packs of chicken parts for use at beach barbecues and buffet parties. The only present competition for U.S. poultry sales is whole chickens and 1-pound packages of parts from Denmark.

In Barbados and Curacao, U.S. processed beef (such as pastrami, liverwurst, corned beef) created considerable interest among importers. Although better hotels and restaurants are familiar with U.S. beef cuts and use them regularly, they have not been aware of the complete range of meats available from the United States. Processed and cured pork also showed sales promise in Curacao and Barbados even though it has stiff competition from shipments from Denmark and the Netherlands.

Other products featured at the three U.S. exhibits were wines, prepared and fresh fruits and vegetables, cheese, and snacks. And in addition to private exhibitors, two cooperators with the Foreign Agricultural Service—the Poultry and Egg Institute of America and the USA Dry Pea and Lentil Council, Inc.—participated.

A highlight of the Curacao and Barbados shows was the visit of Dr. Alfred L. Edwards, Deputy Assistant U.S. Secretary of Agriculture, who talked with exhibitors, buyers and importers, and local government officials.

Local chef and U.S. exhibitor discuss U.S. processed foods in Kingston, Jamaica.

Rhodesian-U.K. Accord Could Have Severe Impact on Tobacco Trade

Rhodesia and the United Kingdom seem to be near healing the 6-year-old rupture between the two countries caused by Rhodesia's Unilateral Declaration of Independence (UDI) in 1965. If such a settlement occurs, Rhodesia would resume its world tobacco trade—embargoed since its break with the United Kingdom. Rhodesia would also resume Commonwealth status and tobacco duty preference of 18.5 U.S. cents per pound on the U.K. tobacco market.

Resumption of normal tobacco trade by Rhodesia would have a dramatic effect upon world tobacco trade and especially upon recent patterns in flue-cured tobacco trade.

Prior to 1965, Rhodesian tobacco exports exceeded 200 million pounds a year and earned over US$100 million annually. This represented about one-fourth of the flue-cured tobacco moving in world trade—a share exceeded only by exports of the United States.

Following UDI, trade embargoes and sanctions were effective in drastically curtailing Rhodesian tobacco exports. Although no official data are available, it is likely that Rhodesian annual exports of tobacco since UDI have been only about one-third of the 200 million pounds exported in 1965.

However, some countries, such as South Africa, Switzerland, and Portugal and its colonies did not embargo trade in Rhodesian leaf and imported limited quantities. In addition, sizable quantities of Rhodesian leaf moved to some other markets in a clandestine manner in violation of the announced embargoes by importing countries.

The Rhodesian stockpile of flue-cured leaf is estimated at about 300 million pounds. The 1971 crop of Rhodesian flue-cured, estimated at about 120 million pounds, will go to market in about 4 months. It is now estimated that the 1972 Rhodesian flue-cured crop will be increased to about 150 million pounds.

As a result of the embargo on Rhodesia, several countries expanded their trade in flue-cured tobacco. Some of the countries that benefited from the sanctions were Malawi, Tanzania, Canada, the United States, South Korea, Thailand, India, Brazil, and Mainland China. Several of these countries—particularly South Korea and Thailand—rapidly expanded production and trade during the past 5 years.

It is not known what price policy Rhodesia will follow in marketing the tobacco in its stockpile. However, it is likely that Rhodesia will seek to market this tobacco at a price that will readily move it in world markets in competition with leaf from sources such as India, Brazil, South Korea, Thailand, Mainland China, Malawi, and Tanzania. On the other hand, Rhodesia will use caution to assure that prices of leaf sold from the stockpile will not unduly disrupt auction sales of their 1971 and subsequent crops.

If normal tobacco trade is resumed by Rhodesia in 1972, it will adversely affect prices and trade from countries that export flue-cured tobacco.

Countries that have rapidly increased their production and trade of neutral, cheap, and usable or "substitute" flue-cured tobacco to replace Rhodesian leaf will probably be affected most. However, these countries, which also have an abundance of cheap land and labor, can be expected to take aggressive steps to maintain their recent high levels of flue-cured exports. Some decline in exports of high-quality flue-cured leaf from the United States and Canada can also be expected.

Rhodesia will encounter difficulty in gaining its presanction level of tobacco trade. Reasons for this include: shift in British market to other growths and possible shift to a blended cigarette; reluctance of manufacturers to make changes in blends over any short period of time; British entry in the European Community (EC) and likelihood that Rhodesia will not be granted status as an associated overseas territory by the EC; and desire of importers to broaden their sources of supply.

Resumption of normal tobacco trade by Rhodesia will have a profound impact upon world tobacco trade. Competition for world flue-cured markets will become more severe. The shifts in trade patterns that will occur will depend to no small extent upon the trade policies of the exporters and importers of flue-cured leaf.

Soviet Agriculture Minister Matskevich On Second Official Visit to United States

Soviet Minister of Agriculture V. V. Matskevich returned to Washington last week in his first official visit to this country in 16 years. Mr. Matskevich, then First Deputy Agriculture Minister, is shown here at a luncheon in the summer of 1955 with Earl L. Butz, then U.S. Assistant Secretary of Agriculture, and now U.S. Secretary of Agriculture.

Mr. Matskevich heads a delegation of six officials from the Soviet Union's agricultural establishment who, during their stay in this country, December 8–19, will tour a number of important U.S. agricultural production, research, and supply centers in the Midwest and Southwest.

The 1955 trip marked the first exchange of agricultural delegations between this country and the Soviet Union.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 8	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14. . .	2.01	+1	[1] 2.08
USSR SKS-14	1.89	0	2.06
Australian FAQ	1.66	0	1.90
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+1	2.08
15 percent	([2])	([2])	2.11
U.S. No. 2 Hard Winter:			
13.5 percent	1.80	−1	1.98
No. 3 Hard Amber Durum. .	1.81	0	2.03
Argentine	([2])	([2])	([2])
U.S. No. 2 Soft Red Winter. .	([2])	([2])	1.86
Feedgrains:			
U.S. No. 3 Yellow corn	1.42	0	1.80
Argentine Plate corn	1.51	−3	1.92
U.S. No. 2 sorghum	1.45	+1	1.64
Argentine-Granifero sorghum	1.44	−1	1.66
U.S. No. 3 Feed barley	1.26	+1	1.56
Soybeans:			
U.S. No. 2 Yellow	3.46	+6	3.29
EC import levies:			
Wheat [3]	[4] 1.57	+2	1.36
Corn [5]	[4] 1.03	−2	.67
Sorghum [6]	[4] 1.00	−1	.71

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Increase in U.K. Grain Crop Lowers Imports

Latest reports from London show the 1971 grain crop outturn at 14.8 million tons, a record level. Imports in 1971–72 are now likely to be about 8.3 million tons as compared with 9.4 million during 1970–71, with most of the decline in wheat.

U.S. Wheat Has Export Potential in Nigeria

All of the 144,000-ton increase in Nigerian wheat import requirements in fiscal 1971 over the previous year was supplied by the United States. Conditions appear favorable for a further increase in U.S. wheat and wheat flour imports in fiscal 1972. Two mills are slated to be built soon, the import duty on wheat flour has been lowered, and production remains negligible. Wheat and wheat flour have been in short supply due to limited storage and milling capacity. The expected increase in storage capacity from 45,000 to 65,000 tons and a milling goal of almost 2,000 tons of wheat a day starting in mid-1972 should result in an increase in Nigeria's wheat import needs.

World Wheat Trade Expected To Decline in 1971-72

The 63rd session of the International Wheat Council held in London during November 23–25 concluded that world wheat production will reach a new record in 1971–72 and that world trade in wheat will decline to about 49 million metric tons. This will be 4.7 million tons less than the amount traded last year but considerably more than the 44.5 million tons traded at the time of the last record world harvest in 1968–69. Closing stocks in the seven major exporting countries are expected to increase by 6 million tons in 1971–72 to 56 million tons. This compares with stocks of 63.2 million tons at the close of 1968–69.

FRUITS, NUTS, AND VEGETABLES

Malaysian Canned Pineapple Production Up From 1970

Malaysia reports that production of canned pineapple in 1971 is up 5 percent from a year earlier. Production is estimated at 3,385,000 cases, equivalent to 24 No. 2½ cans, compared with the 1970 pack of 3,223,800 cases. This year's pack is 12 percent above the 1965-69 average.

Exports of canned pineapple totaled 3,011,000 cases and pineapple juice 125,000 cases in calendar 1970. The United Kingdom, Canada, and the United States were the leading markets for canned pineapple; Singapore and Saudi Arabia, for pineapple juice.

MALAYSIAN CANNED PINEAPPLE PRODUCTION

Item	1968	1969	1970 [1]	1971 [2]
	1,000 cases [3]	*1,000 cases* [3]	*1,000 cases* [3]	*1,000 cases* [3]
Canned pineapple . . .	3,124.0	3,312.8	3,223.8	3,385.0
Pineapple juice	49.9	66.5	125.4	134.0

[1] Revised. [2] Estimated. [3] Cases equivalent to 24 No. 2½ cans.

Mexican Pineapple Production Gains 12 Percent in 1971

Mexico reports a larger 1971 canned fruit pack. Canned pineapple production is estimated at 974,000 cases, equivalent to 24 No. 2½ cans, 12 percent above the 1970 level of 871,000 cases. Pineapple juice production is estimated at

398,000 cases, 7 percent above last year.

The United States is the major export market, accounting for 61 percent of Mexican canned pineapple exports in 1970. Other important markets were Spain, Argentina, and Chile. Important markets for pineapple juice were the United Kingdom, Argentina, and Spain.

MEXICAN PRODUCTION OF CANNED PINEAPPLE

Item	1968	1969	1970	1971 [1]
	1,000 cases	*1,000 cases*	*1,000 cases*	*1,000 cases*
Canned pineapple	632	819	871	974
Pineapple juice	340	385	373	398

[1] Estimated. [2] Equivalent to 24 No. 2½ cans.

FATS, OILS, AND OILSEEDS

Canada's November Estimates Of Oilseed Production

Official estimates of oilseed production in Canada in 1971, released on November 19, showed substantial increases for rapeseed and sunflowerseed compared with 1970 production, but a sharp reduction for flaxseed and a slight decline for soybeans. The November estimates are usually considered to be the final estimates of the year. Any subsequent revisions are published, as a rule, in the autumn of the next year.

Rapeseed production in 1971, at a record 98.5 million bushels, exceeded by 36 percent the 72.2 million bushels produced in 1971. Rapeseed acreage also increased 35 percent, reaching 5.47 million acres from the 4.05 million harvested in 1970. Yields per acre in 1971 averaged 18.0 bushels compared with 17.8 bushels a year ago.

Sunflowerseed production totaled a record 152.2 million pounds—up 175 percent from last year's crop of 55.4 million pounds. The area sown to sunflowerseed this year, at 215,000 acres, was three times larger than the 70,500 acres planted in 1970. Average yields, however, at 708 pounds per acre, were 10 percent lower than the 1970 average of 785 pounds.

Flaxseed production, at 25.7 million bushels, declined 48 percent below last year's outturn of 48.9 million bushels. Flaxseed acreage decreased sharply to 570,000 acres from 1.15 million acres in 1970, and average yields, at 12.8 bushels per acre, declined 12 percent from last year's average yields of 14.5 bushels.

Soybean production, currently estimated at 10.1 million bushels, was 3 percent below last year's record of 10.4 million bushels. Although soybean acreage increased to 360,000 acres from 355,000 acres in 1971, average yields declined this year to 28 bushels per acre compared with 31 bushels in 1970.

LIVESTOCK AND MEAT PRODUCTS

U.S. Meat Imports Down in October

U.S. imports subject to the Meat Import Law totaled 80.4 million pounds during October 1971, compared with 89.3 million in October 1970. Declared entries for consumption during January-October 1971, at 939.1 million pounds, were 6 percent below the 1,001.4 million pounds imported during January-October 1970.

Smaller declared entries from New Zealand, Mexico, Costa Rica, Ireland, Nicaragua, and the Dominican Republic offset larger entries from Australia, Guatemala, and Honduras. Imports from Australia totaled 47.1 million pounds. New Zealand followed with 14.9 million pounds, Canada with 6.1 million, Mexico with 3.2 million, and Ireland with 2.6 million.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW
[P.L. 88-482]

Imports	October	Jan.-Oct.
	Million pounds	*Million pounds*
1971:		
Subject to Meat Import Law [1]	80.4	939.1
Total beef and veal [2]	90.1	1,094.3
Total red meat [3]	109.2	1,474.0
1970:		
Subject to Meat Import Law [1]	89.3	1,001.4
Total beef and veal [2]	116.3	1,150.2
Total red meat [3]	151.9	1,539.4
1969:		
Subject to Meat Import Law [1]	108.3	963.3
Total beef and veal [2]	122.1	1,069.2
Total red meat [3]	161.3	1,438.6

[1] Fresh, chilled and frozen beef, veal, mutton and goat meat, including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton and goat.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW [1] BY COUNTRY

Country of origin	October		January-October		Change from
	1970	1971	1970	1971	1970 [2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Per-cent*
Australia	37,002	47,136	499,679	443,439	−11
New Zealand	25,801	14,874	194,300	207,846	+7
Mexico	7,027	3,225	70,576	65,850	−7
Canada	6,078	6,090	63,742	64,616	+1
Ireland	4,935	2,587	52,992	56,693	+7
Costa Rica	3,469	714	80,901	31,991	+4
Nicaragua	1,871	1,259	35,205	27,838	−21
Guatemala	1,245	1,952	22,345	18,066	−19
Honduras	213	1,021	15,723	12,967	−18
Dominican Republic	1,067	736	5,932	4,953	−17
Panama	90	65	5,101	1,969	−61
United Kingdom	461	549	3,871	1,847	−52
Haiti	74	161	1,060	1,071	+1
Total [3]	89,333	80,371	1,001,427	939,144	−6

[1] Fresh, frozen and chilled beef, veal, mutton and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products. [2] January-October. [3] May not add due to rounding.

New Zealand Meat Board Sets Lamb Price Paid to Producers

For the first time in its 50-year history the New Zealand Meat Board on October 28 announced its own schedule of slaughter lamb prices to producers. In so doing the Board carried out its promise to take over the marketing of New Zealand lamb if the freezing-exporting companies did not offer to producers a schedule price of at least US$5.27 for a Prime 30-pound lamb (dressed weight), including 91 cents for the pelt with wool.

The freezing companies in their opening schedule for the 1971–72 season (October-September) offered 11.5 to 12.5 cents per pound for a Prime 29–36 pound lamb, depending

upon whether it was from the North or South Island. These offer prices were 50 percent under last year's opening price. The freezing companies believed that the low prices were necessary to maintain the price of New Zealand lamb in the U.K. market at current levels in view of increased processing charges, the U.K. levy of 1 U.S. cent per pound which will be raised to 2 cents on January 1, 1972, and a 28-percent increase in freight rates to the United Kingdom.

On October 22, the New Zealand Parliament amended the 1921–22 Meat Export Control Act to give the Meat Board the general power to buy and sell for export to any country meat derived from sheep or any other livestock. As a result, the Meat Board established a floor price of 14.5 U.S. cents per pound for a Prime 29–36 pound lamb, excluding wool.

At the time of the sale of lambs for slaughter, the freezing companies will decide if and what lambs they will buy at the Board's scheduled listing of prices. Lambs not purchased by the freezing works will become the property of the Board. The lambs acquired by the Board will be processed by the freezing works and charged to the Board's account. The Board will then direct the marketing of the lamb. Any loss by the Board will be paid by the Meat Industry Reserve Account which has funds of $117 million.

New Zealand exports 700–750 million pounds of lamb yearly. About 85–90 percent of this total is sent to the United Kingdom. A New Zealand program to direct lamb away from the U.K. market has been in effect for about 6 or 7 years. For the 1971–72 season the "diversification" rate was raised 50 percent from last season's level so that it will be based on a target of 22 percent of total exports. This means that if an exporter's shipments of lamb to markets outside the United Kingdom exceed 22 percent of his total shipments, he will receive a bonus of .29 cent per pound for each pound over. On the other hand, if shipments are less than the target percentage, he will be fined 2.9 cents per pound on the shortfall.

SUGAR AND TROPICAL PRODUCTS

Tea Crop in Ceylon Recovers From Low

Ceylon's tea production for the first 9 months of 1971 has reached 162,100 metric tons, an increase of 2.3 percent over January-September 1970. The 1970 harvest, at only 212,200 metric tons, was the smallest since 1962. Total production in 1971 will likely be close to the 1969 level of 219,600 tons. Tea prices on the Colombo market have been higher this year compared with those of 1970, reflecting increased buying by Pakistan, whose domestic production has been cut sharply by the conflict between its eastern and western regions.

India Harvesting Large Pepper Crop

Early season prospects indicate that the 1971–72 (November-October) Indian crop of pepper (Piper nigrum L.) could be as much as 20 percent greater than the 1970–71 harvest of 28,500 metric tons. Reflecting favorable growing conditions, the crop is reported to be several weeks early this season and is expected to be even higher than the large 1969–70 outturn of 32,000 tons.

India's domestic consumption of pepper for the 1971–72 season is estimated at 11,000–12,000 tons, and exports to foreign markets are anticipated to be close to 20,000 tons. The USSR and Eastern European countries are the largest markets for India's pepper exports, accounting for over one-half of the total. Shipments to the United States usually are relatively small, 2,000–4,000 tons, since U.S. importers prefer to buy lower priced Indonesian and Brazilian pepper.

TOBACCO

Korea Increases Prices On Tobacco for Export

The Korean Office of Monopoly has raised by about 3.5 percent its selling prices of leaf tobacco for export in view of the continued increase in its production cost and international market prices. Exports benefit from a 20 to 23 percent subsidy to bridge the gap between domestic and world prices.

The increased selling prices range from about 18 to 42 U.S. cents for burley leaf and 19 to 46 U.S. cents for flue-cured redried leaf. Total leaf exports by Korea in 1970 averaged 33 U.S. cents per pound.

Korea's tobacco exports increased from less than 1 million pounds in 1964 to 41 million in 1970. But farmers have recently become dissatisfied with prices received for their tobacco in relation to those received for alternative crops. The Tobacco Monopoly, fearing that supply would be insufficient to meet demand, increased the price received by producers by 43 percent for the 1971 crop and reduced the size of filter cigarettes for domestic consumption.

About 80 percent of Korea's tobacco exports in 1969 were flue-cured while the remainder were burley. The most important destinations were the United Kingdom, West Germany, Taiwan, and the United States. The United Kingdom and West Germany took about one-half of the total and the United States about 11 percent.

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FOREIGN AGRICULTURE

West German Agriculture Looks East

(Continued from page 5)

changeable products. But, over a long period of years, this avenue of trade has provided the divided Germanys a means for developing and expanding commercial contacts.

The agricultural products exchanged between the two Germanys have been grains, sugar, and meat from East Germany, and grains, vegetable oils, and oilcake from West Germany. West German shipments of oilcake have shown phenomenal growth over a period of years, increasing from 64,000 metric tons in 1963-64, to 313,000 metric tons in 1968-69, and 388,600 metric tons in 1969-70.

Because of the Federal Republic's political objectives it should not come as a surprise that West Germany has encouraged agricultural exports to Eastern Europe. But this is only one facet of the growth of these exports. A greater incentive has been the ability to use EC export restitutions to move surplus commodities into extra-EC areas. The Federal Republic looked in the direction of Eastern Europe rather than to other third country areas because of its Ostpolitik.

Under EC regulations the Federal Republic has benefited since 1968 from high export restitutions for wheat, rye, and barley. Export restitutions have been used to reduce overburdened stock positions, and in recent years a larger volume of total exports of these commodities has moved eastward.

For example, in 1969-70, of the 700,000 tons of barley exported by the Federal Republic, about 430,000 tons went to Eastern Europe—mostly to Poland. A similar case can be shown for wheat—of the more than 2.2 million tons exported in 1969-70, 800,000 tons were traded with the East. Again in 1970-71, of the estimated 350,000 tons of rye exports, more than 225,000 tons moved into Eastern Europe, with Czechoslovakia as the major purchaser.

Butter is another commodity traded with Eastern Europe and, aided by EC restitutions, some of this has moved to East Germany. The Netherlands recently registered opposition to West Germany's use of restitutions for this interzonal trade.

Given the declining importance of agriculture in the West German economy, it is somewhat paradoxical that agricultural exports continue to grow. It is even more paradoxical that the export trade has grown rapidly with an area of the world that is an important agricultural producer. That this situation has developed and may continue to grow is significant to understanding the agricultural imbalance that has been allowed to flourish under EC guidance. To continue to stimulate production in the EC with high prices can only further support a willingness to offer export restitutions to reduce surpluses.

The United States is affected since these EC incentives reduce our own export opportunities to Eastern Europe. A continued supply of cheap West German grain, particularly to deficit countries such as Czechoslovakia and East Germany, could quickly close off our nascent commercial opportunities in this area of the world.

WEST GERMANY'S TRADE WITH EASTERN EUROPE[1]

	Agricultural Imports			Agricultural exports		
Year	Total	From East	Share from East	Total	To East	Share to East
	Mil. dol.	*Mil. dol.*	*Percent*	*Mil. dol.*	*Mil. dol.*	*Percent*
1967	4,150	249.5	6.0	619	14.7	2.4
1968	4,271	232.7	5.4	746	22.8	3.1
1969	4,947	271.6	5.5	938	37.5	4.0
1970	5,716	272.9	4.8	1,196	109.4	9.2

[1] Includes Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, Yugoslavia, and USSR. All monetary values converted from deutsche marks at fixed rate of DM3.66 = US$1. Statistisches Bundesamt.

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